



## School Aid – Additional Levy Components

The Iowa School Aid formula provides funding to local school districts and area education agencies (AEAs). A school district's operating budget funded through the school aid formula is called the school district's combined district cost. The combined district cost is funded through state aid, the uniform levy, and the additional levy (sometimes referred to as the local second effort). Below is a brief description of the school finance formula revenue sources:

- **State Aid** – In general, a standing unlimited General Fund appropriation is made to fund state foundation aid to school districts each year. Since 1990, state aid has accounted for at least 60.0% of the statewide total of the combined district cost, and was at approximately 66.7% in FY 2014. A variety of factors influence the state aid portion of school aid, including changes in law, enrollment, and taxable valuation.
- **Uniform Levy** – This is a statewide property tax levy of \$5.40 per \$1,000 of taxable valuation paid by all property taxpayers in Iowa. The Uniform Levy and State aid are used to fund the first 87.5% of the Regular Program and Special Education foundation base and the first 79.0% of the AEA Special Education Support Program. The growth in the amount of Uniform Levy generated annually is the result of growth in taxable valuations.
- **Additional Levy** – This is a local property tax with varying rates between each school district that provides the additional funding for each school district's combined district cost. The additional levy is not rate restricted, and funding for the additional levy property tax rate ranged from \$0.9999 to \$7.3397 per \$1,000 of taxable valuation in FY 2014. Major factors that influence additional levy property tax rates include taxable valuations, student enrollment within a school district, and the amount needed for discretionary programs funded by the additional levy.

### Components of the Additional Levy

In FY 2014, the additional levy, adjusted for utility tax replacement, totaled \$578.6 million and accounted for 43.2% of the school foundation property tax total and 14.5% of the total combined district cost. A description and FY 2014 fiscal data for each component of the additional levy is provided in the narrative below. Additional information is provided in **Table 1** and **Chart 1** (Note: Property tax rates are expressed in \$1,000 of taxable valuation in the following narrative and **Table 1**).

- **Regular Program Foundation** – The Regular Program foundation level consists of the school district budget enrollment and weightings, not including special education weighting, multiplied by the FY 2014 state cost per pupil of \$6,121. Of that amount, the Uniform Levy and State Aid fund 87.5%, or \$5,356, while the Regular Program foundation 12.5% portion of the additional levy funds the remaining portion (\$765) on a per pupil basis.<sup>1</sup> The total statewide amount for the Regular Program foundation 12.5% of the additional levy was \$372.6 million. The statewide average property tax rate for the Regular Program foundation component is \$2.6453. With a minimum rate of \$0.6907 and a maximum rate of \$5.0301, the range of this component of the tax rate is \$4.3394.
- **Special Education Program Foundation** – The Special Education Program foundation level consists of the special education weightings multiplied by the FY 2014 state cost per pupil of \$6,121. Of that amount, the Uniform Levy and State Aid fund 87.5% (\$5,356) while the special education program foundation portion of the additional levy funds the remaining 12.5% (\$765) on a per pupil basis. The total statewide amount for the regular foundation (12.5%) of the additional levy was \$48.5 million. The statewide average property tax rate for the Special Education Program Foundation component was \$0.3440. With a minimum rate at \$0.0462 and a maximum rate of \$0.7588, the range of this tax rate component is \$0.7126.

### More Information

[Legislative Services Agency, Fiscal Services, K – 12 Financial Information](#)

[Education Finance Legal Guide](#)

Iowa General Assembly: <https://www.legis.iowa.gov/index.aspx>

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<sup>1</sup> Beginning in FY 2014, the entire cost per pupil increase due to the enactment of the allowable growth rate for FY 2014 and FY 2015 will be provided for with state aid. Based on the 2.0% allowable growth rate enacted for FY 2014 and the 4.0% allowable growth rate in FY 2015, the provision will provide property tax relief totaling \$15 per pupil in FY 2014 and \$46 per pupil in FY 2015 and future fiscal years.

## School Aid Formula – Additional Levy Components

- **Property Tax Adjustment Aid** – In FY 2014, a total of \$32.7 million was provided to reduce property tax burdens in districts that have the highest adjusted additional property tax rates. The adjusted additional property tax rate combines the 12.5% portion of the Regular Program Foundation and Special Education Program Foundation additional levies. Property tax adjustment aid reduces the additional levy rate for the qualifying school districts. In FY 2014, 78 school districts received the property tax adjustment aid. Funding for this provision includes a \$24.0 million appropriation through the school aid formula and an additional \$8.7 million from revenues generated from the statewide sales tax for school infrastructure.
- **Property Tax Replacement Payment** – A new provision beginning in FY 2014, this provides property tax relief by providing state aid in place of property tax for the full increase in the cost per pupil due to the allowable growth rate established for FY 2014. The per pupil amount was \$15 in FY 2014 and resulted in property tax relief totaling \$8.3 million in FY 2014. Each school district was provided property tax relief through this provision and the average property rate reduction for FY 2014 was \$0.0586.
- **AEA Foundation (21.0%)** – The AEA foundation level provides state aid up to 79.0% of the AEA Special Education Support state cost per pupil amount, while the remaining 21.0% is funded through local property taxes. In FY 2014, the property tax amount totaled \$29.5 million for this additional levy component and resulted in an average levy rate of \$0.2093.
- **AEA Media and Education Services** – Both the AEA Media and Education Services are funded through property taxes and are components of the additional levy. In FY 2014, AEA Media Services totaled \$25.5 million and AEA Education Services totaled \$28.2 million.
- **District Cost Per Pupil Greater than the State Cost Per Pupil** – For FY 2014, 178 school districts have a district cost per pupil that exceeds the state cost per pupil. Additionally, 228 districts have an AEA education support cost per pupil that exceeds the AEA state education support cost per pupil. The difference is funded through local property tax and is another component of the additional levy. The total amount of property tax generated from this component in FY 2014 is \$14.3 million.
- **School District and AEA Budget Guarantee** – School districts and AEAs are guaranteed a funding amount based on the previous year's funding level. The guarantee is funded through the additional levy. The school district budget guarantee (also referred to as a budget adjustment) requires school board approval. In FY 2014, the AEA budget guarantee totaled \$2.2 million while the school district budget guarantee totaled \$11.2 million. The maximum budget guarantee tax rate is nearly \$2.5241 in FY 2014.
- **Dropout Prevention Program** – School districts may request modified allowable growth from the Department of Education to fund programs for returning dropouts and dropout prevention. Approved modified allowable growth for this program is funded with local property taxes and is included in the additional levy. Of the 346 school districts, 298 (86.1%) levied \$97.2 million in FY 2014. The maximum tax rate for this component was \$1.7910.
- **Property Tax Adjustment Aid (1992)** – Beginning in FY 1992, property tax adjustment aid was created through the school aid formula to help ease property tax burdens with the implementation of a revised school aid formula. This aid has a gradual phase out with an undetermined completion date and is reduced annually based on an eligible school district's growth in taxable valuation. In FY 2014, the property tax adjustment aid reduced the Additional Levy by a total of \$9.6 million in 294 school districts. The maximum Additional Levy rate reduction among school districts was \$1.0389.
- **Miscellaneous** – Other components of the additional levy include the property tax portion of enrollment audit adjustments, special education positive balance adjustments, and adjustments to the additional levy for utility replacement tax. Generally, these adjustments are relatively minor and are based on adjustments made to previous years' data. In FY 2014, the total amount of these adjustments was approximately \$ -300,000.

**Table 1** (on the following page) provides additional information pertaining to the additional levy components including some statistics on the levy rates of the additional levy components.

**Chart 1** (on the following page) provides a graphical comparison of the levy components.

# School Aid Formula – Additional Levy Components

**Table 1**

FY 2014 School Aid Formula Additional Levy Component Statistics									
Additional Levy Component	Additional Levy Portion Amount (in Millions)	Property Tax Rate Statistics by Additional Levy Component					# of Districts Impacted	% of Districts Impacted	
		Average	Median	Max*	Min	Range			
		Regular Foundation - 12.5%	\$ 372.6	\$ 2.6453	\$ 2.4213	\$ 5.0301			\$ 0.6907
Spec. Ed. Foundation - 12.5%	48.5	0.3440	0.2811	0.7588	0.0462	0.7126	346	100.0%	
Prop. Tax Adj. Aid	-32.7	-0.2318	0.0000	-2.1850	0.0000	-2.1850	78	22.5%	
Prop. Tax Replacement Payment	-8.3	-0.0586	-0.0530	-0.1105	-0.0149	-0.0957	346	100.0%	
AEA Foundation - 21.0%	29.5	0.2093	0.1917	0.4087	0.0561	0.3526	346	100.0%	
AEA Media Services	25.5	0.1814	0.1629	0.3422	0.0453	0.2969	346	100.0%	
AEA Ed. Services	28.2	0.2005	0.1803	0.3845	0.0509	0.3336	346	100.0%	
Dist. Cost Per Pupil > State Cost Per Pupil **	14.3	0.1017	0.0386	0.7327	0.0000	0.7327	269	77.7%	
Budget Guarantee/Adjustment	11.2	0.0793	0.0000	2.5241	0.0000	2.5241	133	38.4%	
AEA Ed. Support Budget Guarantee	2.2	0.0157	0.0093	0.2628	0.0000	0.2628	202	58.4%	
Dropout Prevention Program	97.2	0.6901	0.4965	1.7910	0.0000	1.7910	298	86.1%	
Property Tax Adj. Aid (1992)	-9.6	-0.0680	-0.0585	-1.0389	0.0000	-1.0389	294	85.0%	
Misc.	-0.3	-0.0018	-0.0007	0.3135	-0.1346	0.4481	346	100.0%	
<b>Additional Levy - State Level</b>	<b>\$ 578.6</b>	<b>\$ 4.1070</b>	<b>\$ 3.8758</b>	<b>\$ 7.3397</b>	<b>\$ 0.9999</b>	<b>\$ 6.3398</b>	<b>346</b>	<b>100.0%</b>	

Notes:

\*Reductions in tax rates are displayed as negative values and displayed in the maximum column as negative values.

\*\*There were 178 school districts with a district cost per pupil above State cost per pupil for a total of \$12.9 million.

\*\*There were 228 school districts with an AEA cost per pupil above the State AEA cost per pupil for a total of \$1.4 million.

**Chart 1**

